

## Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 IO-13 ISO-00  
INT-05 DODE-00 GSA-02 AID-05 CEA-01 CIAE-00  
COME-00 FRB-03 INR-10 NSAE-00 SP-02 STR-07  
TRSE-00 LAB-04 SIL-01 OMB-01 PA-01 SS-15 L-03  
NEA-10 H-01 /135 W

-----059636 102022Z /47

P R 101837Z MAR 78  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC PRIORITY 4034  
INFO AMEMBASSY LA PAZ  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY JAKARTA  
AMEMBASSY BANGKOK  
AMEMBASSY LAGOS  
AMEMBASSY CANBERRA  
AMEMBASSY OTTAWA  
AMEMBASSY BONN  
AMEMBASSY PARIS  
AMEMBASSY BRUSSELS  
AMEMBASSY LUSAKA  
AMEMBASSY KINSHASA  
AMEMBASSY SANTIAGO  
AMEMBASSY LIMA  
AMEMBASSY SUVA  
AMEMBASSY PORT MORESBY  
AMEMBASSY MANILA  
AMEMBASSY TOKYO  
USMISSION GENEVA  
AMEMBASSY PRETORIA  
AMEMBASSY SINGAPORE  
AMEMBASSY VIENTIANE  
AMEMBASSY BRASILIA  
AMEMBASSY MEXICO  
AMEMBASSY MOSCOW  
USLO PEKING  
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AMEMBASSY WARSAW  
AMEMBASSY BELGRADE  
AMEMBASSY MADRID

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USEEC

E.O. 11652: N/A

TAGS: ETRD, EMIN, ITC

SUBJECT: GSA TIN DISPOSAL AND COPPER ACQUISITION: INITIAL  
REACTIONS AND LONDON MARKET RESPONSE

REF: (A) STATE 58800 (NOTAL) (B) LA PAZ 1966 (NOTAL)  
(C) BRUSSELS 4688 (NOTAL) (D) KUALA LUMPUR 1575  
(NOTAL)

1. THE INITIAL LONDON RESPONSE TO THE UDALL-DECONCINI ANNOUNCEMENT OF A TIN DISPOSAL OF 45,000 TONS AND A COPPER ACQUISITION HAS BEEN ONE OF SURPRISE AT THE SIZE OF THE TIN DISPOSAL, APPREHENSION BY PRODUCER REPRESENTATIVES ABOUT THE POSSIBLE EFFECTS ON THE TIN MARKET, OPTIMISM OVER COPPER PRICE AND U.S. RECEPTIVITY TO LONGER TERM STABILIZATION MEASURES IN COPPER, AND SOME RETICENCE TO MAKE COMMENTS UNTIL FURTHER CLARIFICATION IS RECEIVED. THE FIRST REUTERS REPORTS OF THE UDALL-DECONCINI PRESS STATEMENT APPEARED LATE AFTERNOON THURSDAY MARCH 9 LONDON TIME.

2. MICHAEL JOHNSON, ASSISTANT SECRETARY, DEPARTMENT OF INDUSTRY, OFFICIAL IN HMG DIRECTLY RESPONSIBLE FOR BOTH TIN AND COPPER, WAS BRIEFED BY EMBASSY OFFICER ON BASIS LIMITED OFFICIAL USE

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OF REFTEL (A) MARCH 8. HIS INITIAL RESPONSE WAS THAT COPPER PURCHASES, EVEN THOUGH MADE FROM U.S. SUPPLIERS, SHOULD HAVE A SALUTORY EFFECT ON WORLD PRICES. REGARDING TIN DISPOSALS, JOHNSON WAS GRATIFIED BY ASSURANCES THAT THESE WOULD BE UNDERTAKEN IN AN ORDERLY FASHION IN CONSULTATION WITH THE ITC.

3. ON MARCH 9 PETER LAI, EXECUTIVE CHAIRMAN, ITC, CALLED THE EMBASSY TO SEEK CONFIRMATION THAT SUCH A BILL HAD BEEN INTRODUCED (HE WAS TOLD WE HAD NO OFFICIAL CONFIRMATION). LAI HAD RECEIVED A NUMBER OF CALLS DURING THE MORNING FROM TIN PRODUCER REPRESENTATIVES (INDONESIA, MALAYSIA AND BOLIVIA). THESE HAD GOT WIND OF THE SIZE AND SWAP ASPECTS OF THE DISPOSAL AND WERE PARTICULARLY CONCERNED ABOUT THE POSSIBILITY OF MARKET DISRUPTION. THEY THOUGHT DISRUPTION WAS IMPLICIT IN THE COPPER/TIN LINKAGE SINCE PRESSURE WOULD BE ON THE GSA TO SELL TIN AT A FASTER THAN PRUDENT RATE IN ORDER TO SUPPORT COPPER. THE GSA DISPOSAL HAS BEEN ADDED TO THE AGENDA OF THE ITC FOR ITS NEXT COUNCIL MEETING IN APRIL. THE PRODUCER REPS SEEMED TO HAVE HELD THEIR INFORMATION CLOSELY SINCE THERE IS NO EVIDENCE THAT RUMORS HAD SPREAD TO THE TRADE

IN GENERAL ON MARCH 9 UNTIL AFTER THE LONDON METAL EXCHANGE (LME) CLOSED, AT L.00 P.M. AS NOTED BELOW, RUMORS DID AFFECT CURB TRADING SOON THEREAFTER.

4. TIN MARKETS IN PENANG AND LONDON HAVE BEEN CHARACTERIZED BY A STEADY BUT MODERATE DECLINE FOR SOME PERIOD, WHILE COPPER PRICES HAVE FIRMED SLIGHTLY. THE AFTERNOON LONDON CURB MARKET OF THURSDAY MARCH 9 WAS CHARACTERIZED BY A FLURRY OF TRADING, GOING AS LOW AS POUNDS STERLING 5990, AND CLOSING AT POUNDS STERLING 6000, BASED ON THE GSA NEWS. CURB TRADING IN COPPER MOVED AS HIGH AS POUNDS STERLING 669, CLOSING POUNDS STERLING 668.5, BASED PRIMARILY ON THE GSA NEWS. TRADING ON BOTH THE LME AND THE CURB MARKET WAS ACTIVE ALL DAY MARCH 9. LIMITED OFFICIAL USE

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TRADING ON THE LME ON FRIDAY MARCH 10 CLOSED AT 6055 POUNDS STERLING PER TON FOR TIN, UP 55 POUNDS FROM THE CURB CLOSE OF THURSDAY, BUT 40 POUNDS DOWN FROM THE

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TRSE-00 LAB-04 SIL-01 OMB-01 PA-01 SS-15 L-03  
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P R 101837Z MAR 78  
FM AMEMBASSY LONDON  
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PREVIOUS DAY'S LME CLOSE. THE PENANG MARKET WAS DOWN TO 1620 RINGITS PER PIKUL FROM 1630 ON THURSDAY. COPPER CONTINUED TO RISE TO 650.5 POUNDS STERLING PER TON ON THE LME ON FRIDAY, WHICH WAS BELOW CURB LEVELS OF THE PRECEDING DAY.

5. LONDON TIN TRADERS HAVE APPARENTLY CONCLUDED THAT GSA TIN WILL NOT BE AVAILABLE ANYTIME IN THE NEAR FUTURE, IF THIS YEAR, AND THERE WAS A GENERAL DISBELIEF THAT SENATOR BENNETT WOULD ACQUIESE TO THE UDALL.DECONCINI BILL. AN ITC SOURCE NOTED THAT THE TIN MARKET TOOK WEEKS TO REACT TO A GSA DISPOSAL IN 1962.

6. THE FOLLOWING TABLES GIVE RECENT TIN AND COPPER PRICES ON THE LME AND PENANG FOR TIN:

TIN PRICES	
DATE	PENANG (\$M PER PIKUL) LONDON LME
	(CASH MARKET -
	STANDARD TIN

POUNDS PER M TONL

3/1	1657	6260
3/2	L662	6180
3/3	1619	6275
3/6	1644	6185

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3/7	1632	6120
3/8	1640	6150
3/9	1630	6095
3/10	1620	6055

SOURCE: FINANCIAL TIMES, REUTERS AND ITC

COPPER PRICES (LME - CASH MARKET)

(POUNDS OER TON)

DATE	WIREBARS	CATHODES
3/1	611.5	603.5
3/2	617.5	607.5
3/3	633.5	624.5
3/6	624.5	614.5
3/7	628.5	619.5
3/8	635.5	625.5
3/9	645.5	635.5
3/10	650.5	640.0

SOURCE: FINANCIAL TIMES, REUTERS AND ITC

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## Message Attributes

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**Channel Indicators:** n/a  
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**Concepts:** TIN, ACQUISITION, COPPER, STOCKPILE DISPOSAL  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
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**Type:** TE  
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